

ZENRIN

Securities Code: 9474

Results for First 3 Quarters of Fiscal 2018 (Year Ending March 31, 2018)

January 29, 2018

ZENRIN Co., Ltd.

Maps to the Future

1. Results for First 3 Quarters of Fiscal 2018
2. Notice of Stock Split
3. Earnings Forecast for Fiscal 2018
4. Appendix

Note: This document contains forward-looking statements based on assumptions, forecasts and plans in light of information available to ZENRIN Co., Ltd. as of the preparation date of this document. Actual performance may vary significantly from the forecast figures due to various risks and uncertainties owing to global economic trends, market demand, status of competition, exchange fluctuations and other factors.

The information that appears in this document rounds down fractions to the nearest specified unit and rounds off decimals in the percentage of change to the first decimal place.

In addition, cases where the percentage of change exceeds 1000% and cases where one or both of the items of comparison are negative are shown as “-.”

1. Results for First 3 Quarters of Fiscal 2018

- 1) Overview of Results for First Quarter
- 2) Changes in Net Sales, Income and Profit
- 3) Causes for Change in Operating Income
- 4) Segment Information
- 5) Net Sales by Business
under Medium- to Long-Term Business Plan ZGP2020

1-1) Overview of Results

Key Points of Results for First 3 Quarters of Fiscal 2018

Compared to First 3 Quarters of Fiscal 2017 <increase in sales and income>

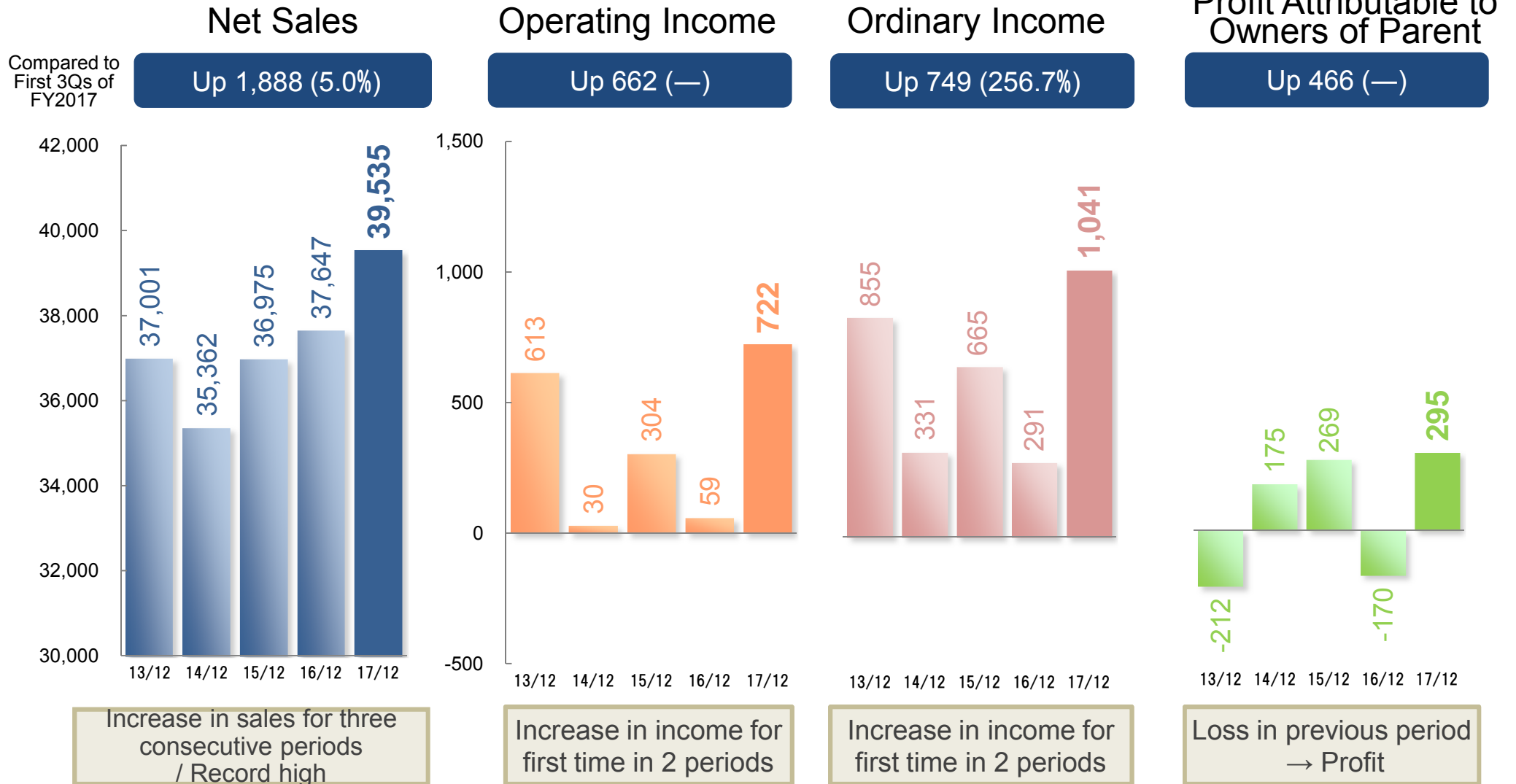
- Robust sales related to GIS, in addition to the strong sales from data for Japanese in-car navigation systems.
- Sales increased for 3 consecutive periods.
Operating income and ordinary income increased for first time in 2 periods. Profit attributable to owners of parent improved from losses in the previous term.
- Increase in general and administrative expenses including personnel expenses was reported, in addition to the increase in cost of sales including the commission fee, in conjunction with increased revenues.

(Amounts in million yen)

	First 3Qs of FY2017 Actual	First 3Qs of FY2018 Actual	Compared to First 3Qs of FY2017	% of Change
Net Sales	37,647	39,535	1,888	5.0
Operating Expenses	37,587	38,812	1,225	3.3
Operating Income	59	722	662	—
Operating Margin	0.2%	1.8%	1.6pt	
Ordinary Income	291	1,041	749	256.7
Profit Attributable to Owners of Parent	-170	295	466	—

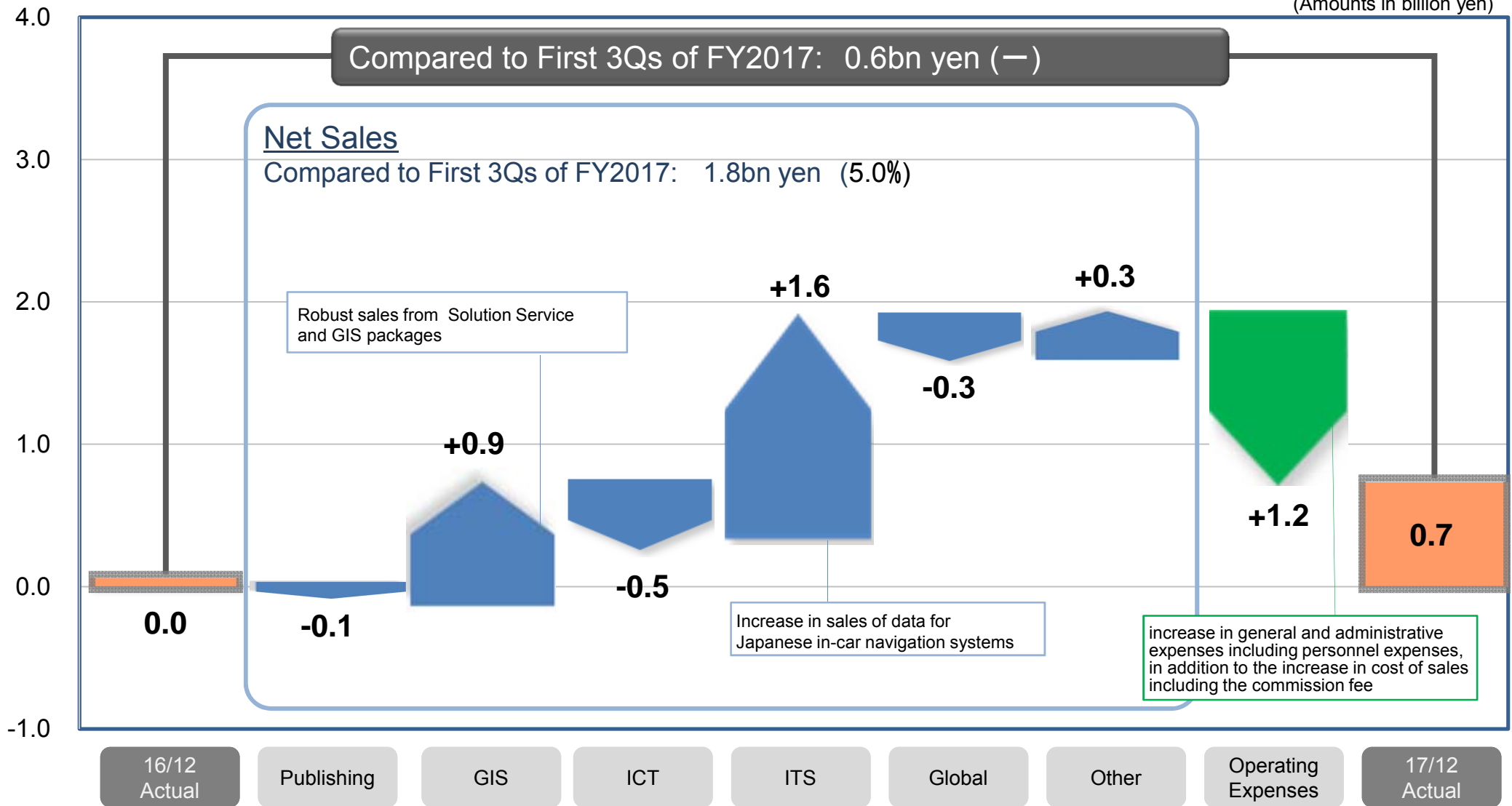
1-2) Changes in Net Sales, Income and Profit

(Amounts in million yen)



1-3) Causes for Change in Operating Income

(Amounts in billion yen)



1-4) Segment Information

Sales
Composition

82.7%

1. Map Database Segment

Main Items: Printed residential maps, residential map databases, map data for Japanese and overseas in-car navigation systems, services for smartphones, map data provision, etc. for various media/devices



6.7%

2. General Printing Segment

Main Items: Commercial printing



10.6%

3. Other

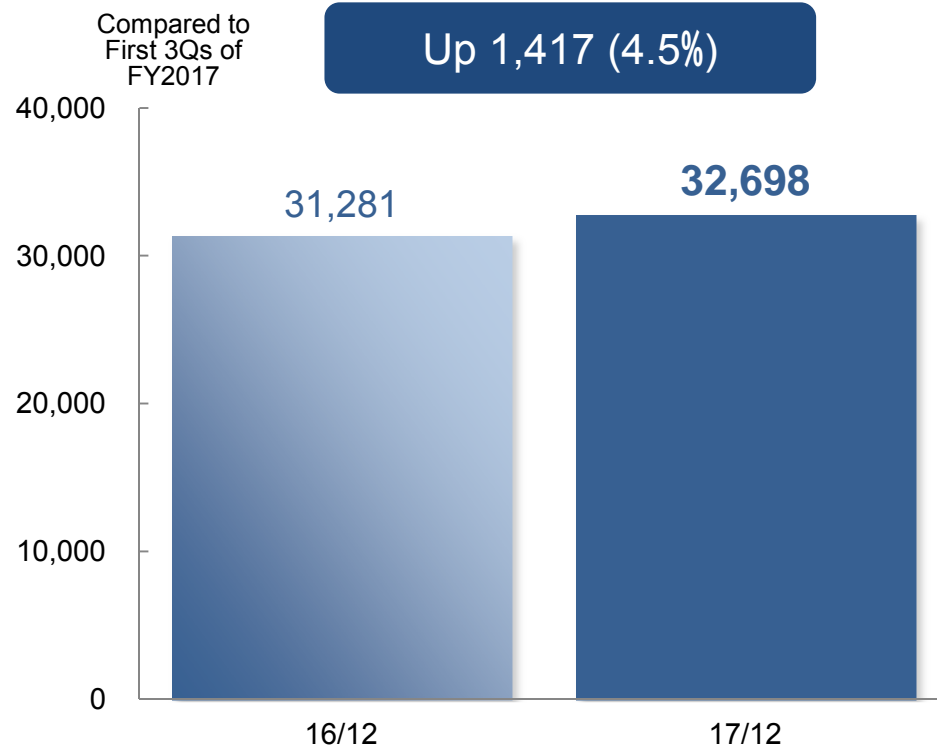
Main Items: Purchased products, digital signage, provision of Marketing Solution



1-4) Map Database Segment

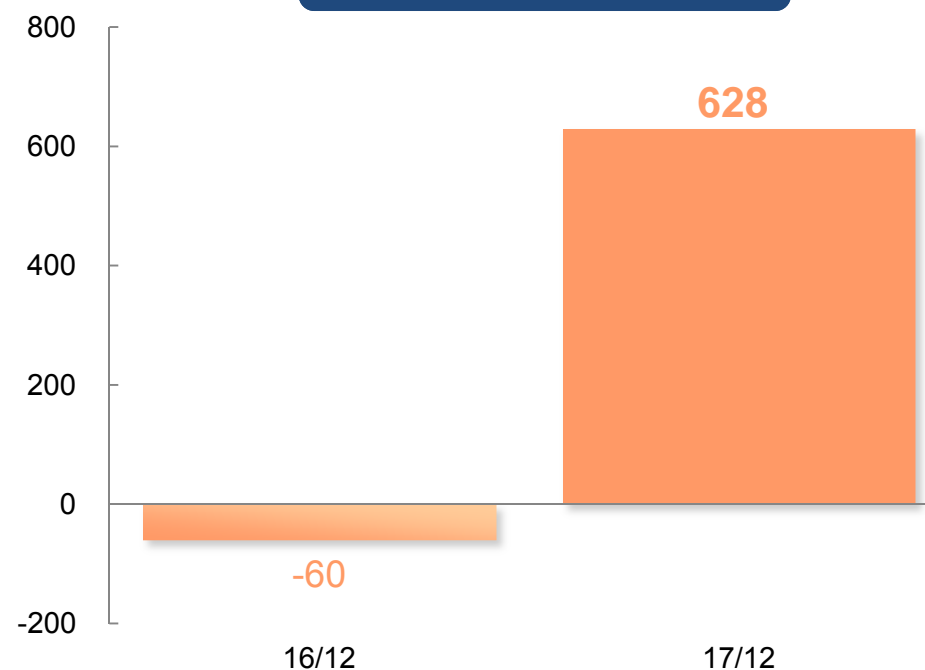
Net Sales

Up 1,417 (4.5%)



Operating Income

Upturn 689 (—)



- Robust sales related to GIS, in addition to the strong sales from data for Japanese in-car navigation systems.
- General and administrative expenses including personnel expenses increased, in addition to the increase in cost of sales including the commission fee. However, profits increased due to revenue increase.

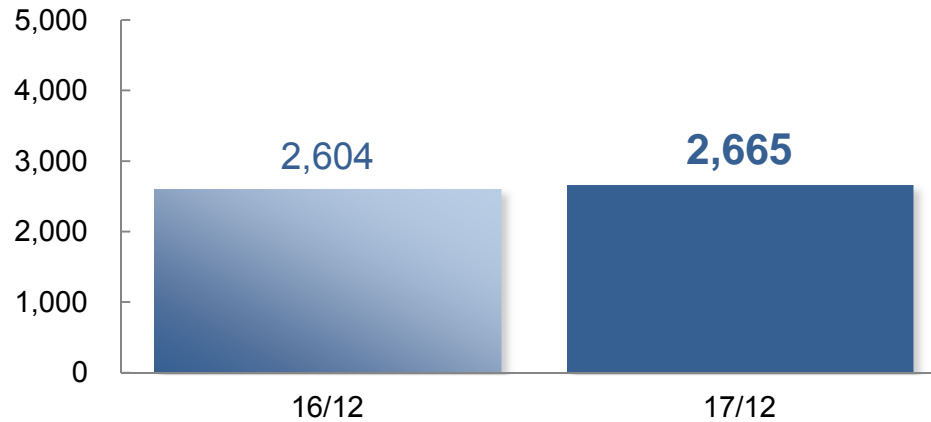
1-4) General Printing Segment, and Other

General Printing Segment

Net Sales

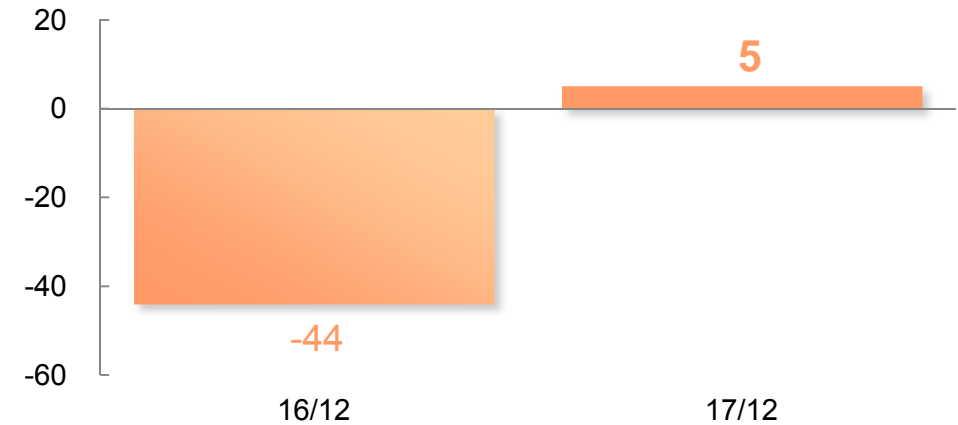
Compared to First 3Qs of FY2017

Up 60 (2.3%)



Operating Income

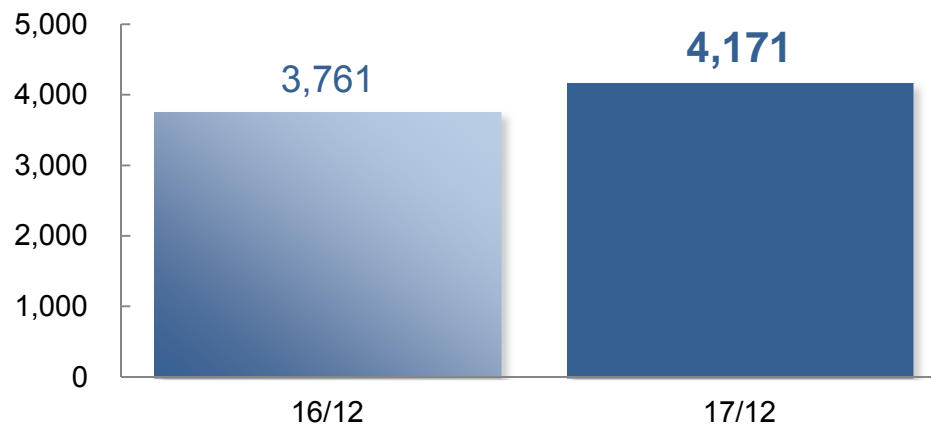
Upturn of 49 (—)



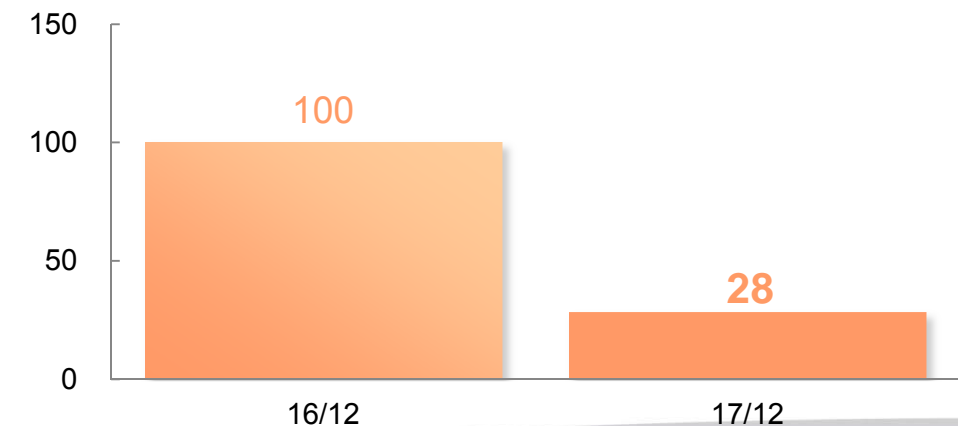
Other

Up 410 (10.9%)

Compared to First 3Qs of FY2017

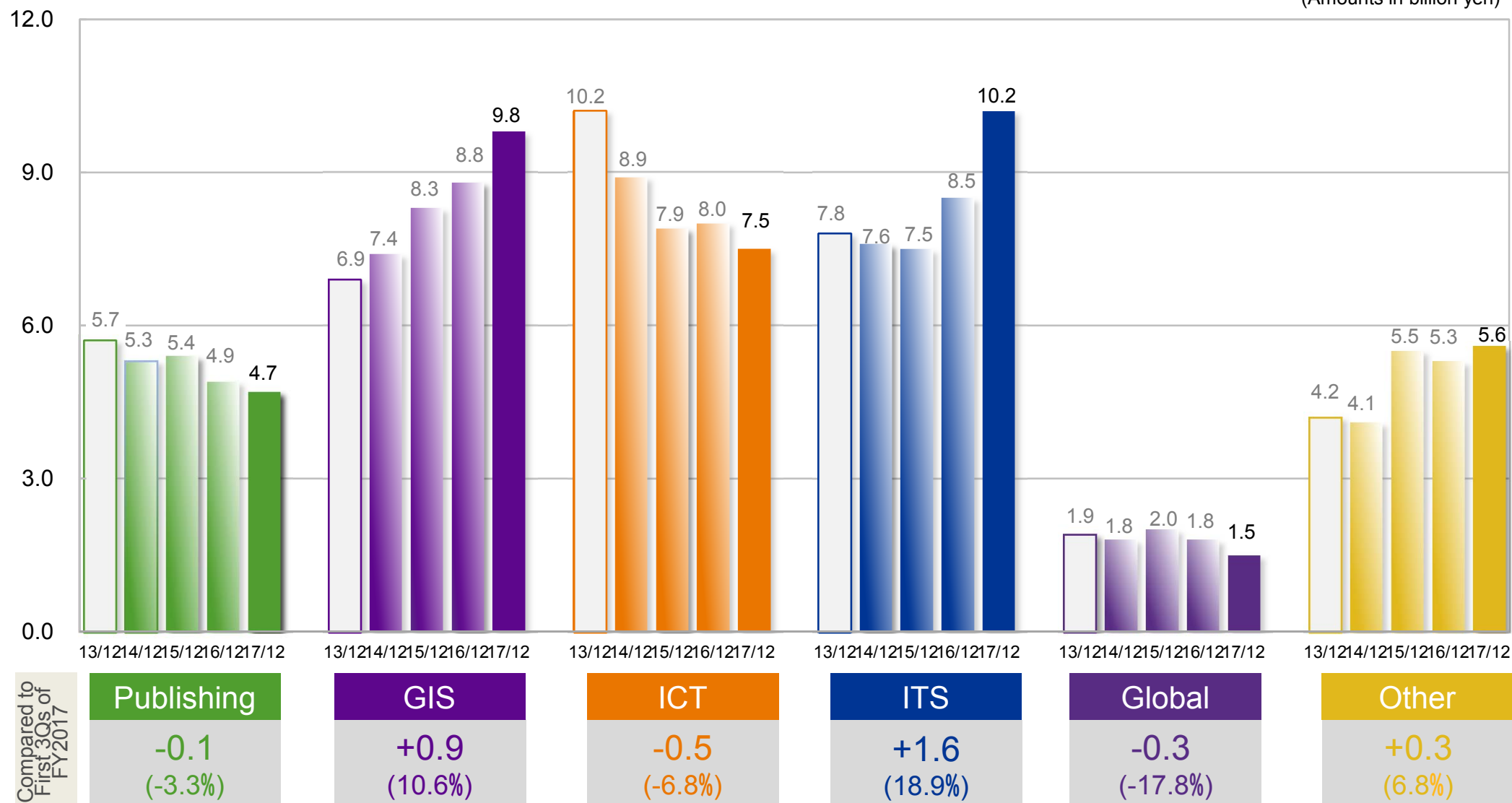


Down 72 (-72.0%)



1-5) Net Sales by Business under ZGP2020

(Amounts in billion yen)



* Net sales for first 2 quarters of fiscal 2014 (period ended December 2013), which are the outlined open bars on the bar graph, are net sales compiled based on the business composition under ZGP2015.

2. Stock Split

1) Stock Split

Purpose and Outline

<Purpose of the Stock Split >

- The Company at the meeting of its Board of Directors held on January 29, 2018, passed a resolution to implement a stock split and partially amend the Articles of Incorporation in relation to the stock split. The purpose of the stock split is to raise the liquidity of the Company's stock and expand the investor base.

<Outline of the Stock Split >

- Each share of common stock will be split into 1.5 shares.
(Record date: March 31, 2018 Effective date: April 1, 2018)
- In conjunction with this stock split, the Company will amend Article 6 (Total Number of Authorized Shares and Total Number of Authorized Preferred Shares) of its Articles of Incorporation.
(Effective date: April 1, 2018)

Number of shares to be increased by the stock split

Total number of issued shares prior to the stock split	38,200,910 shares
The number of shares to be increased by the stock split	19,100,455 shares
Total number of issued shares after the stock split	57,301,365 shares

Details of the amendment (Total Number of Authorized Shares)

Type of shares	Before the amendment	After the amendment
Common shares	134,000,000 shares	201,000,000 shares
Class 1 preferred shares	67,000,000 shares	100,500,000 shares

(Class 1 preferred shares are currently unissued)

3. Earnings Forecast for Fiscal 2018

- 1) Overview of Earnings Forecast for Fiscal 2018
(No change from the figures announced on May 8)
- 2) Net Sales by Business
under Medium- to Long-Term Business Plan ZGP2020
- 3) Changes in Composition of Net Sales by Quarter
- 4) Dividends

3-1) Overview of Earnings Forecast for Fiscal 2018

Earnings Forecast for Fiscal 2018

The earnings forecast for fiscal 2018 is left unchanged from that announced on May 8, 2017 for now.

Compared to Fiscal 2017 <increase in sales and income>

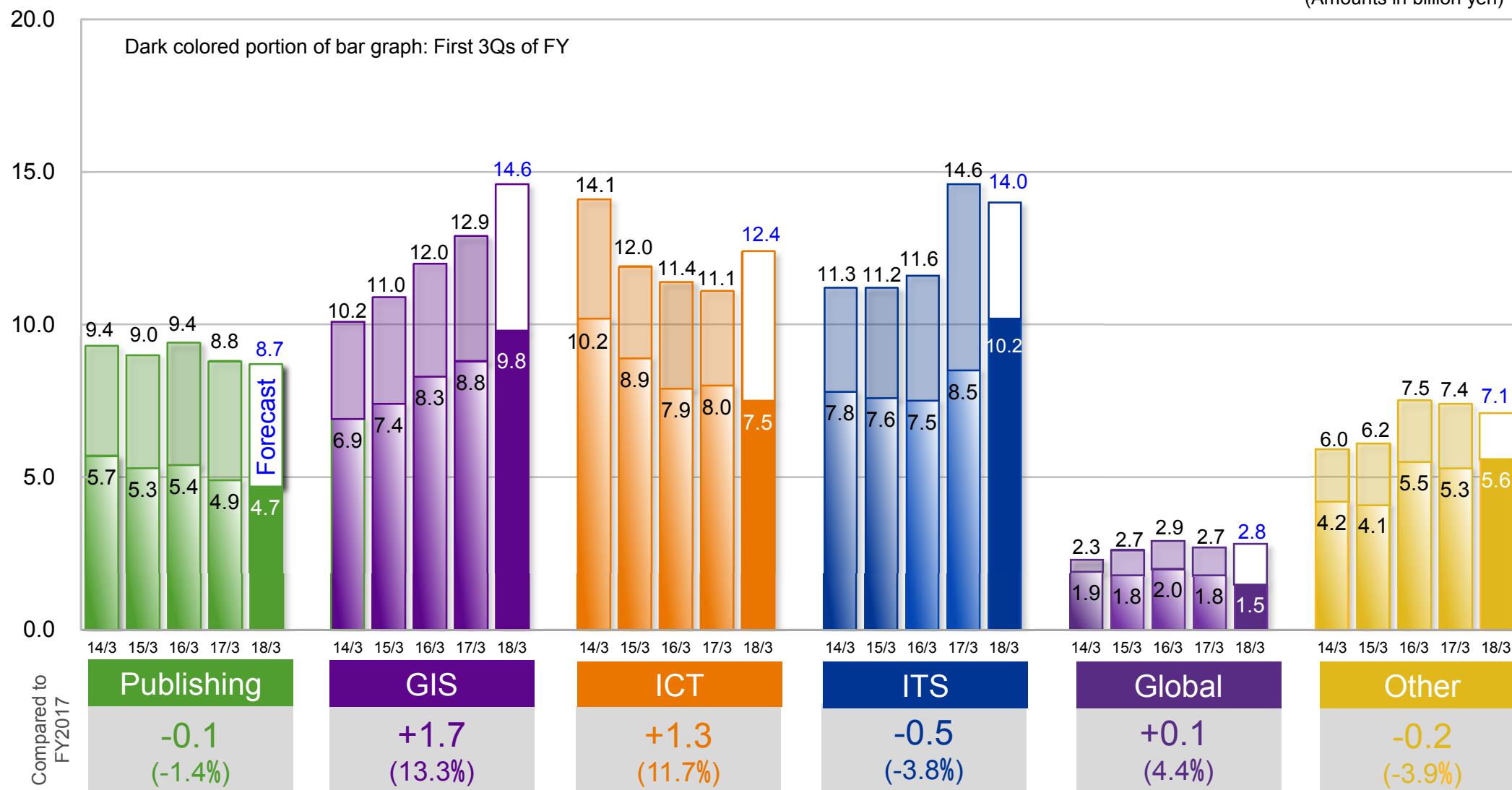
- Securing of earnings from GIS Business
- Advance preparation of map data and reinforcement of business partnership in such areas as ADAS and drones
- Stable operation of Zenrin Integrated Geospatial System and product development

(Amounts in million yen)

	FY2017 Actual	FY2018 Forecast	Compared to FY2017	% of Change
Net Sales	57,819	60,000	2,180	3.8
Operating Expenses	53,584	55,500	1,915	3.6
Operating Income Operating Margin	4,234 7.3%	4,500 7.5%	265 0.2pt	6.3
Ordinary Income	4,527	4,700	172	3.8
Profit Attributable to Owners of Parent	2,462	2,700	237	9.7

3-2) Net Sales by Business under ZGP2020

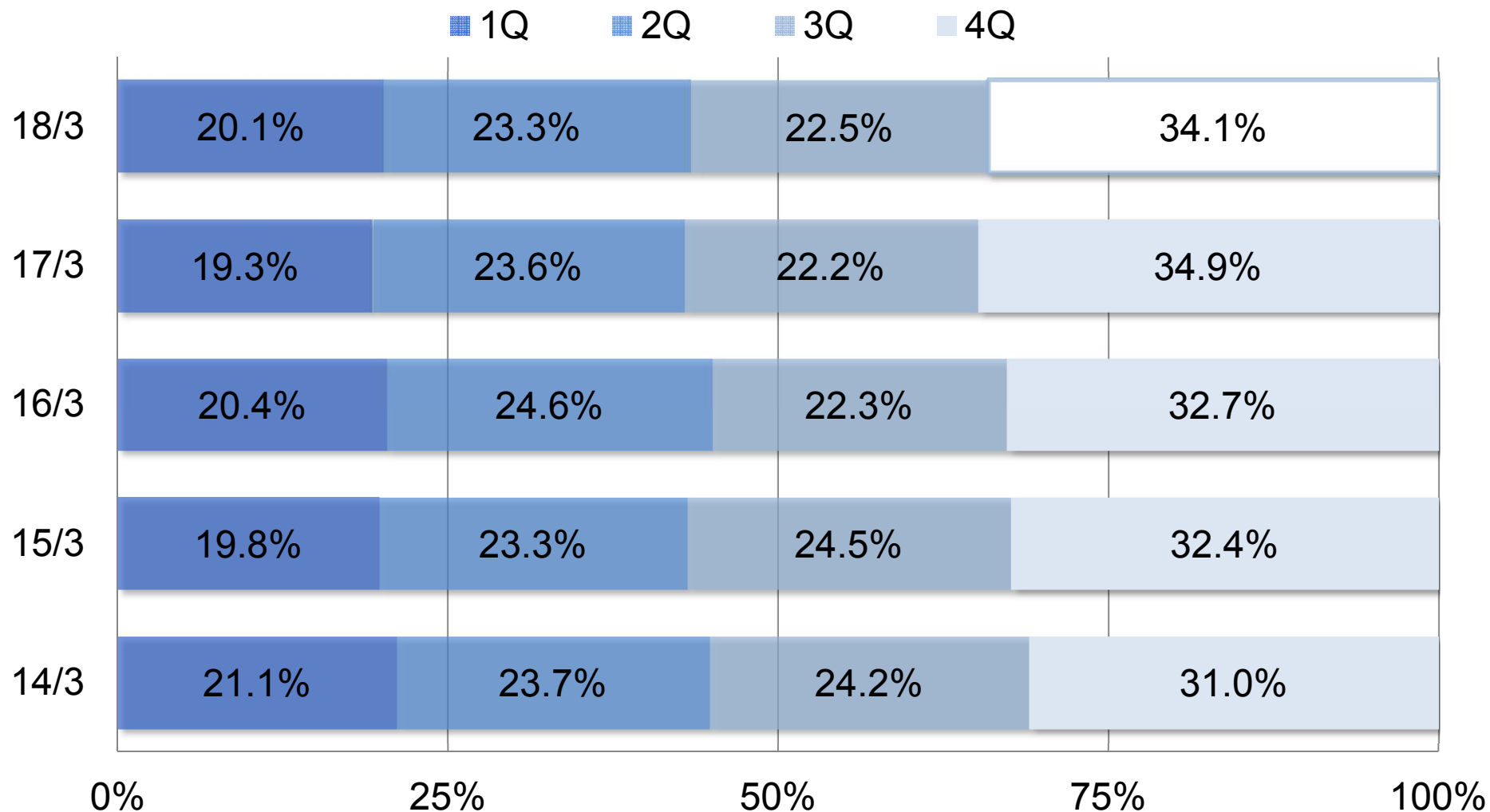
(Amounts in billion yen)



*Net sales for fiscal 2014 (year ended March 31, 2014) are net sales compiled based on the business composition under ZGP2015.

3-3) Changes in Composition of Net Sales by Quarter

Results for First 3 Quarters of Fiscal 2018

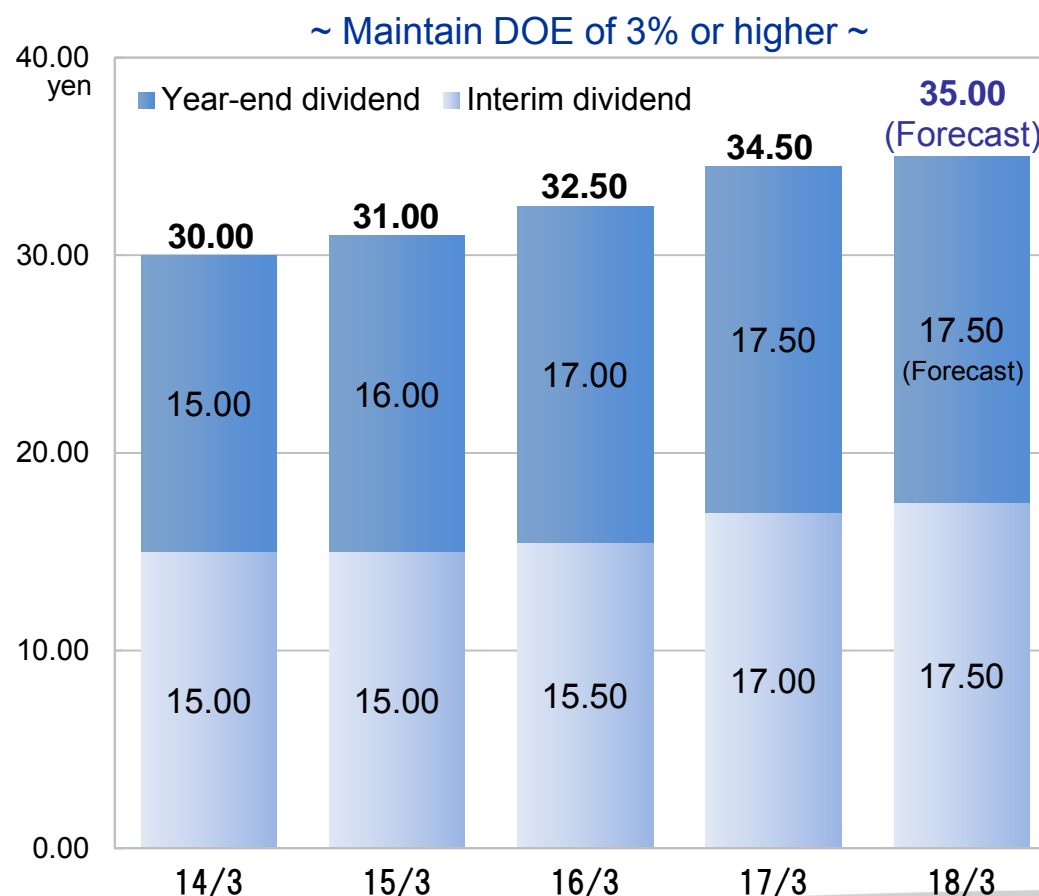


3-4) Dividends

Basic Policy	Return income to shareholders derived from income growth based on the medium- to long-term business plan, while taking into account maintaining an adequate amount of internal reserves
	Target dividend on equity (DOE) on a consolidated basis of 3% or higher

FY2018 Dividend (Compared to FY2017)	
Interim	17.50 yen (+0.50 yen)
Year-end (Forecast)	17.50 yen (\pm 0 yen)
Annual (Forecast)	35.00 yen (+0.50 yen)

(No change from the forecast announced on May 8, 2017)

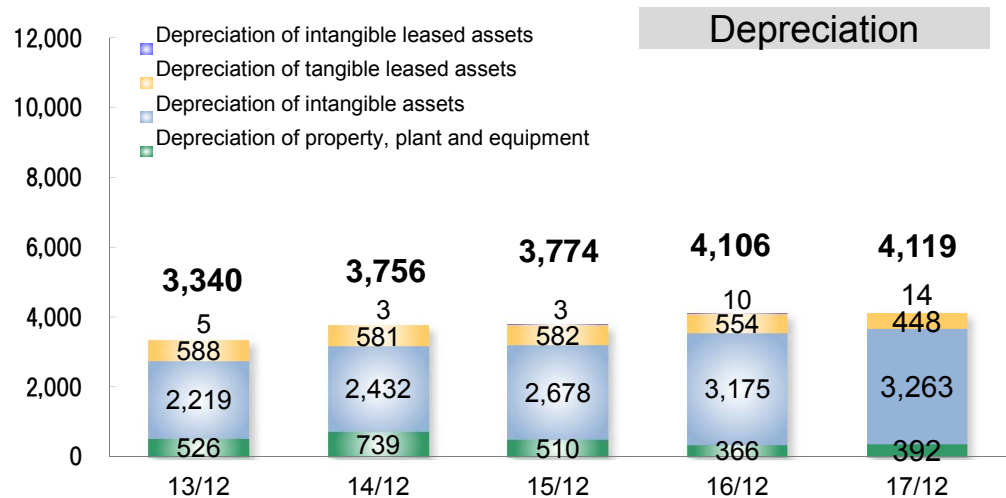
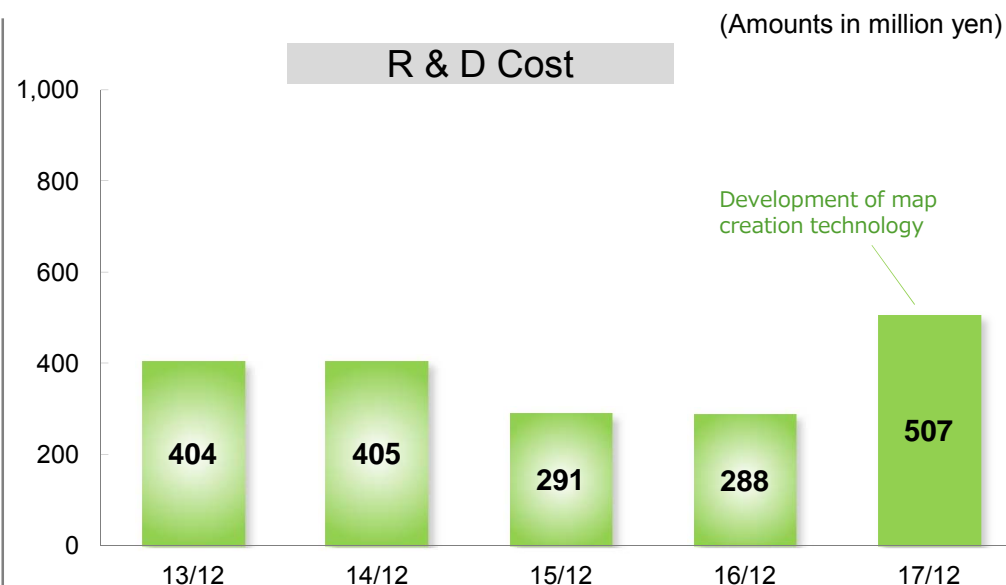
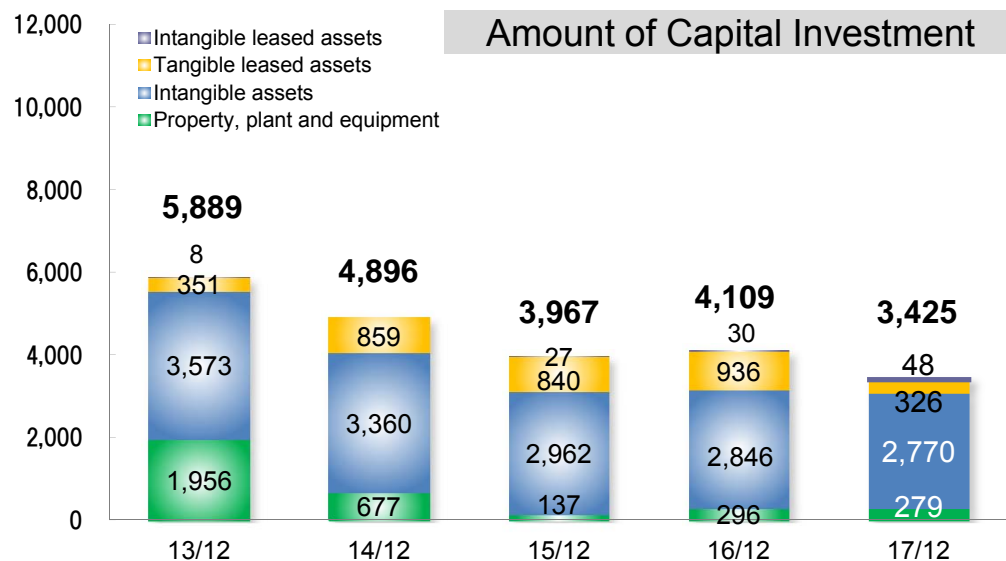


4. Appendix

- 1) Overview of Results for First 3 Quarters of Fiscal 2018
Amount of Capital Investment, Depreciation and R&D Costs
- 2) Overview of Earnings Forecast for Fiscal 2018
(Excerpt from Briefing on Results for Fiscal 2017 presentation materials)
Changes in Net Sales, Income and Profit
Amount of Capital Investment, Depreciation and R&D Costs
- 3) Medium- to Long-Term Business Plan ZGP2020
Numerical Targets
Net sales by Business
- 4) Business Topics

3-1) Amount of Capital Investment, Depreciation and R&D Costs First 3 Quarters of Fiscal 2018

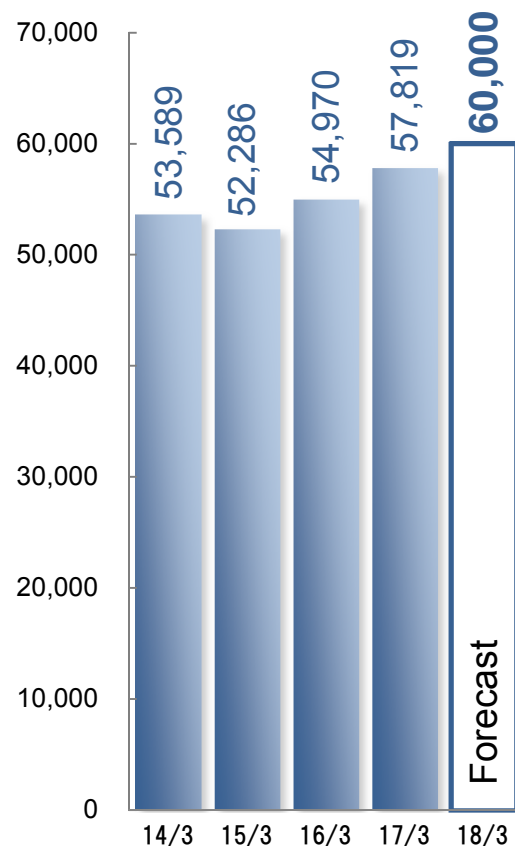
Results for First 3 Quarters of Fiscal 2018



3-2) Overview of Earnings Forecast for Fiscal 2018

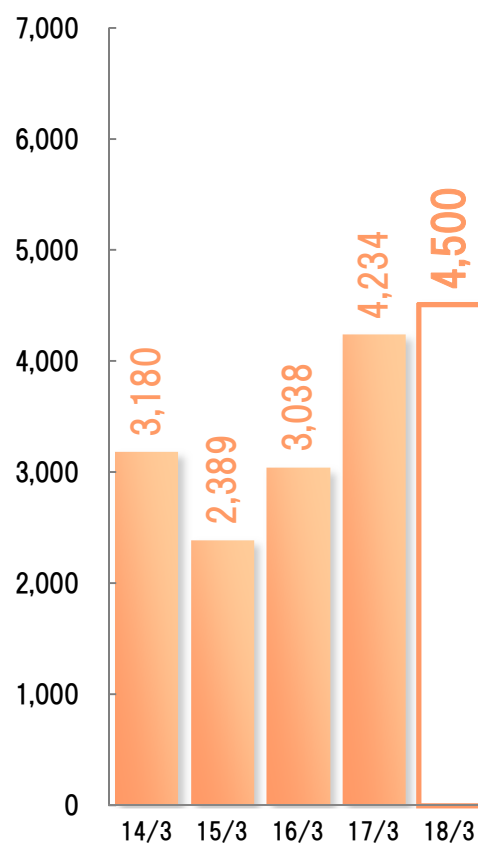
(Changes in Net Sales, Income and Profit)

Net Sales



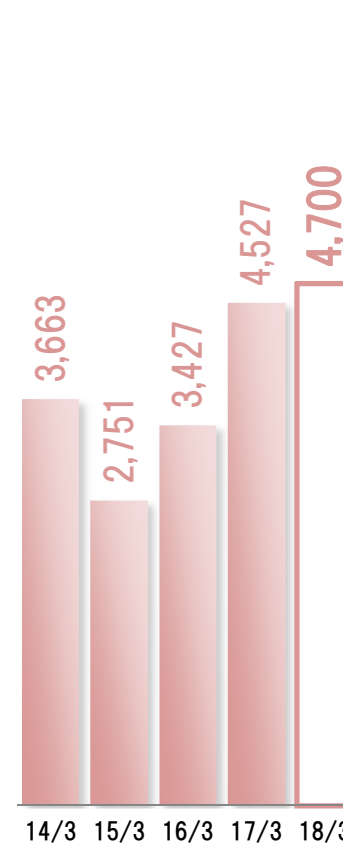
Increase in sales for three consecutive periods / Record high

Operating Income



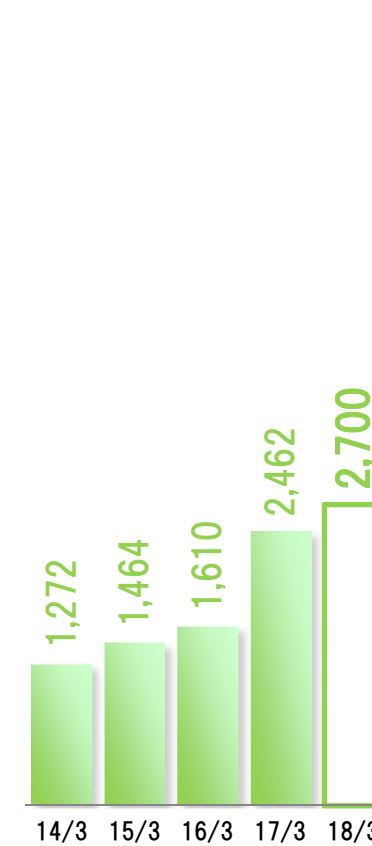
Increase in income for three consecutive periods

Ordinary Income



Increase in income for three consecutive periods

Profit Attributable to Owners of Parent

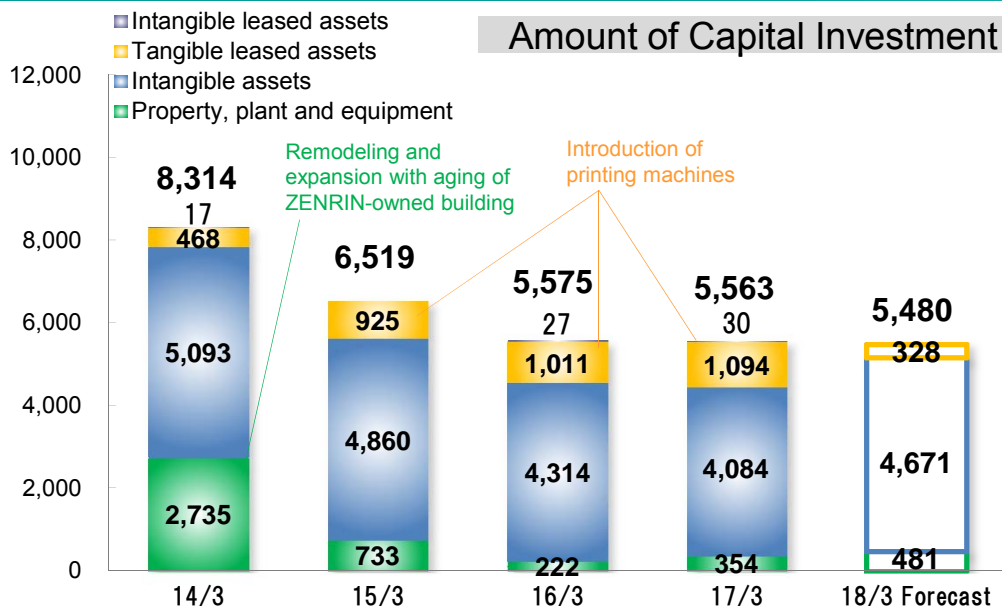


Increase in profit for four consecutive periods

3-2) Amount of Capital Investment, Depreciation and R&D Costs Forecast for Fiscal 2018

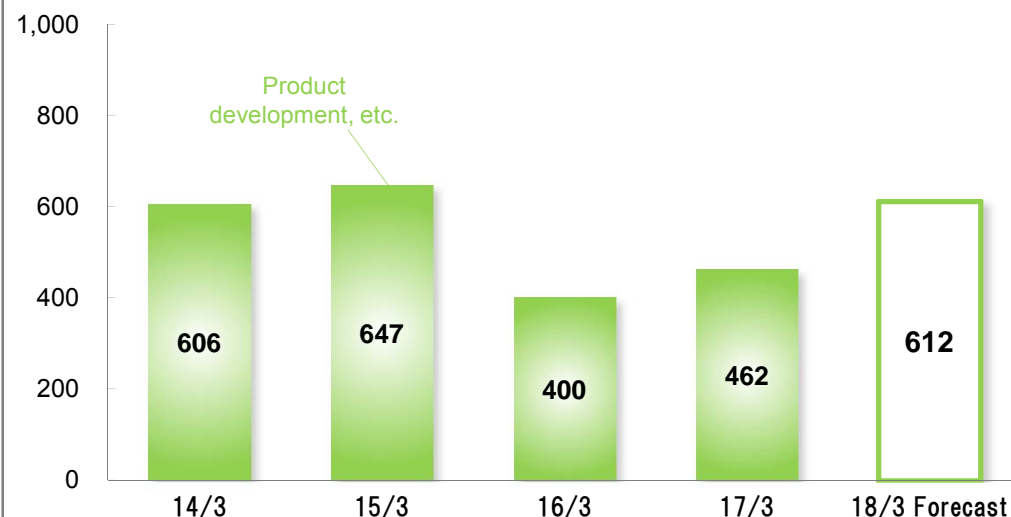
Results for First 3 Quarters of Fiscal 2018

Amount of Capital Investment

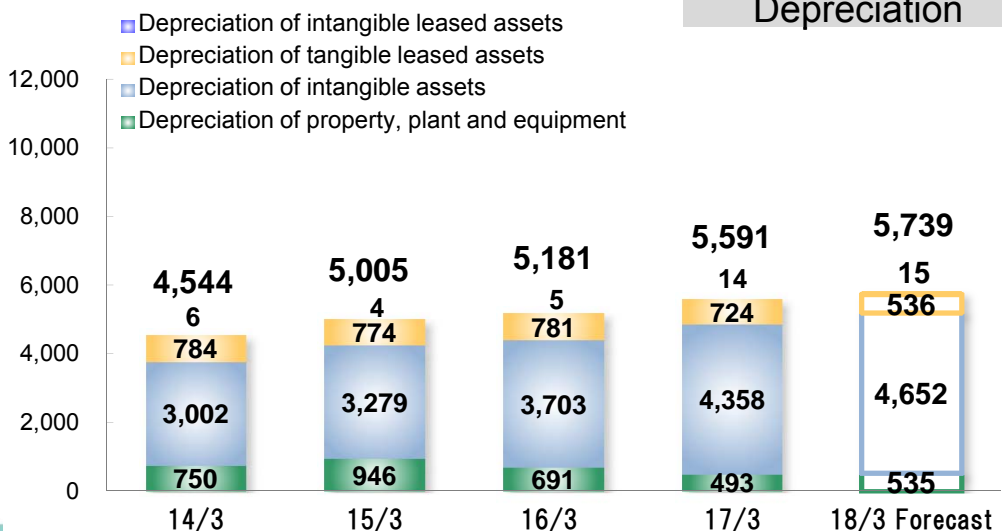


R & D Cost

(Amounts in million yen)



Depreciation



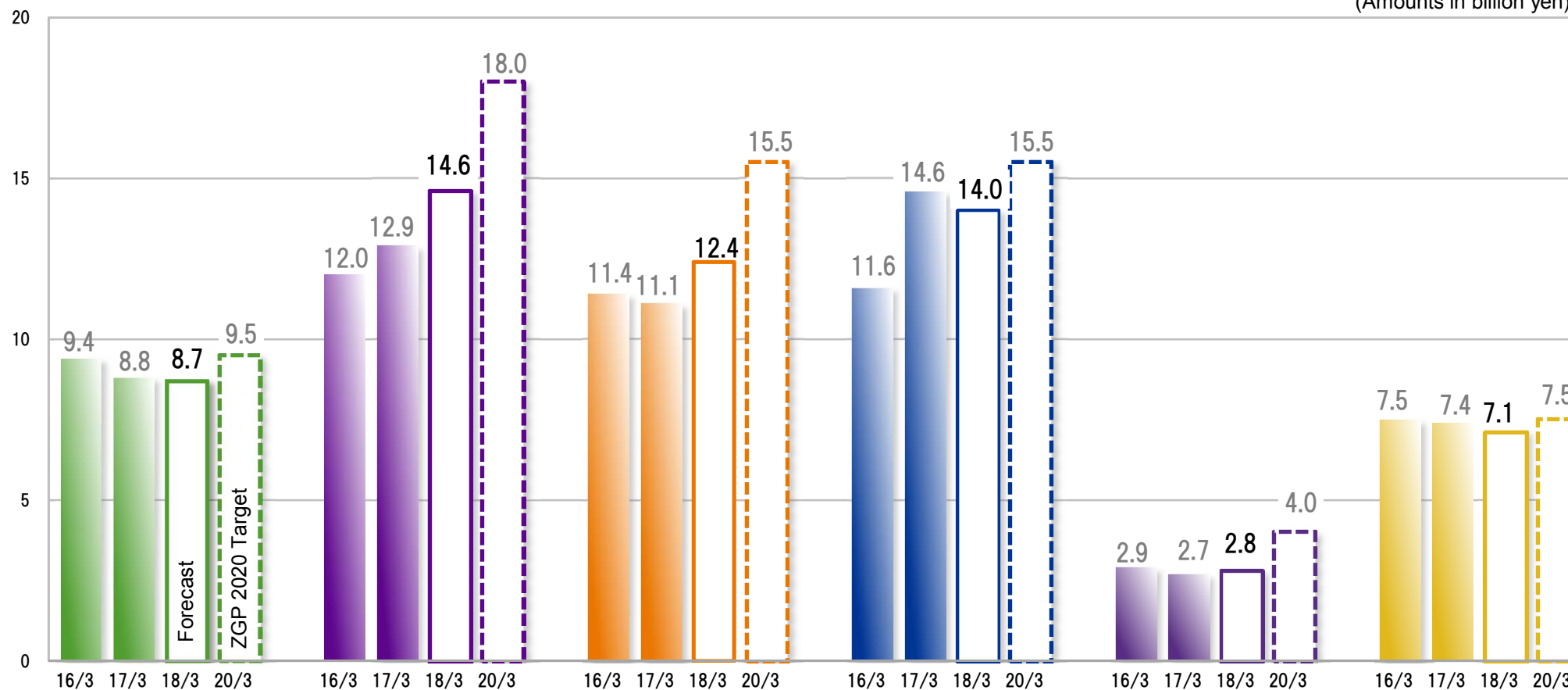
3-3) ZGP2020 Numerical Targets

	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2020 Target
Consolidated Net Sales	54.9 bn yen	57.8 bn yen	60.0 bn yen	70.0 bn yen
Consolidated Operating Income (Margin)	3.0 bn yen (5.5%)	4.2 bn yen (7.3%)	4.5 bn yen (7.5%)	10.0 bn yen (14.2%)
ROE (Return on equity)	4.0%	6.0%	6.3%	12% or higher
DOE (Dividend on equity on a consolidated basis)	3.0%	3.1%	3% or higher	3% or higher

3-3) Net Sales by Business under ZGP2020

Results for First 3 Quarters of Fiscal 2018

(Amounts in billion yen)



16/3	Publishing	GIS	ICT	ITS	Global	Other
↓ 20/3	+0 (0.7%)	+5.9 (49.7%)	+4.0 (35.6%)	+3.8 (33.0%)	+1.0 (36.7%)	-0 (-0.0%)

3-4) Business Topics

(November 30, 2017)

- *ZENRIN BUSINESS SUPPORT NAVI*, the cloud map service for businesses, was awarded the MCPC Award 2017 Special Prize.

ZENRIN BUSINESS SUPPORT NAVI, the cloud map service for businesses, received the Special Prize in the Services and Solutions Division of MCPC Award 2017, sponsored by the Mobile Computing Promotion Consortium.

The MCPC Award recognizes companies that have successfully achieved impact including the “improvement of operational efficiency” and the “enhancement of customer satisfaction” through the implementation of M2M, IoT, AI, Robots and Bluetooth systems.

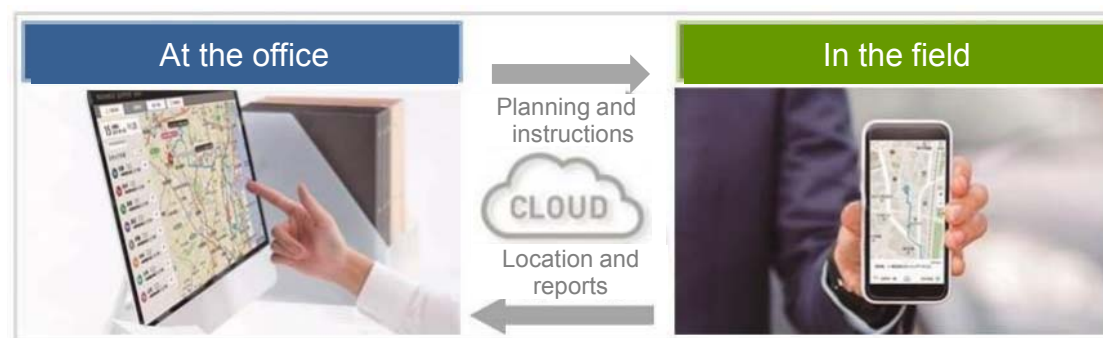
ZENRIN BUSINESS SUPPORT NAVI is a cloud map service for businesses that improves the operational efficiency of field work, including sales activities, maintenance inspections, transport and delivery, while supporting the enhancement of productivity by leveraging the proprietary maps and mobile object management technology of the ZENRIN Group.

ZENRIN BUSINESS SUPPORT NAVI was highly regarded for its utilization of wireless technology to develop services leading to workstyle reforms.

<Overview of *ZENRIN BUSINESS SUPPORT NAVI* >

At the office, by using an Internet browser, it prepares business plans and visit destinations for each off-site staff; it allows the user to browse location information of staff using mobile object management technology and to confirm business reports sent from the field.

In the field, by using the smartphone included in the package, it allows the user to confirm visit lists, use navigation to the visit destination, browse residential maps and prepare business reports.



GIS

3-4) Business Topics

(December 26, 2017)

■ From January 2018, KDDI CORPORATION, ZENRIN and FUJITSU LIMITED will commence demonstration trials of the generation and distribution technology of Dynamic Maps for automatic driving

<Overview of the demonstration trials>

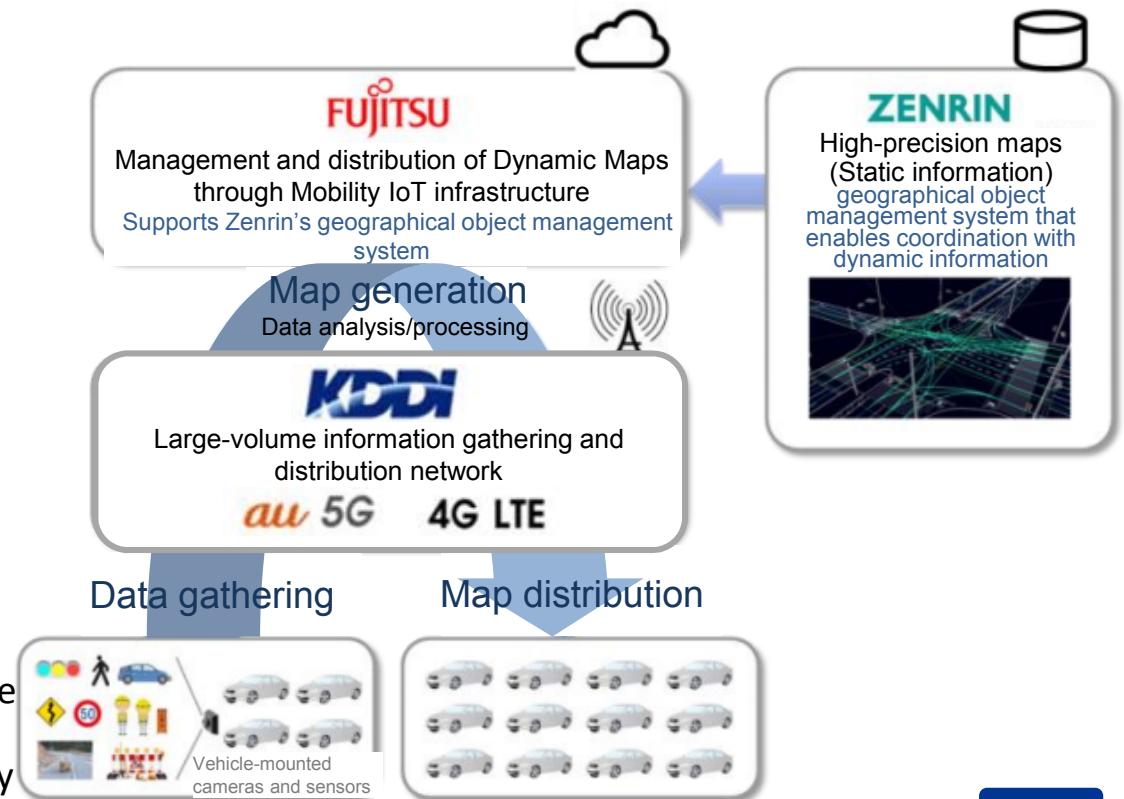
Accurately monitoring various road and building information to pinpoint the vehicle's location, as well as generating Dynamic Maps by obtaining and combining dynamic information including weather information and traffic accident/congestion information, are essential in ensuring the safety of automatic driving.

To generate these Dynamic Maps, constructing a system that can recognize the vehicle's travel routes as well as feed back road conditions of distant locations is crucial. KDDI, ZENRIN and FUJITSU will conduct demonstration trials of data-gathering, data-analysis/processing and data-distribution technologies necessary for the generation of Dynamic Maps.

The demonstrations will study the possibility of utilizing 4G LTE as well as "5G," the next-generation mobile telecommunications system, going forward.

ZENRIN will offer high-precision map data that will enable coordination with dynamic information and sequential and incremental updating, as well as verify its proprietary platform, "ZGM Auto."

<Conceptual image of the demonstration trials>



ITS

ZENRIN

Maps to the Future

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